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7 July 1955

CURRENT INTELLIGENCE WEEKLY SUMMARY

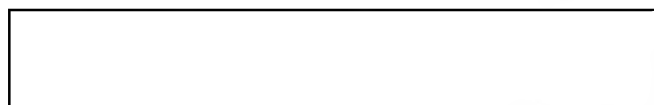


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T H E W E E K I N B R I E F

PART I

OF IMMEDIATE INTEREST

SUMMIT CONFERENCE DEVELOPMENTS Page 1

The Kremlin's sensitivity to any notion that it will be negotiating from a position of weakness at the summit conference was evident in party secretary Khrushchev's remarks at the 4 July reception of the American embassy in Moscow. Soviet propaganda also shows continuing sensitivity to any discussion at Geneva of the status of the Satellites and to Western charges that the USSR intends to avoid the German issue. There are signs that the USSR will raise the question of pre-election discussions in Vietnam. [REDACTED]

RECENT SOVIET BLOC MILITARY ACTIVITIES Page 2

Among recent Soviet military activities, there are some which may have been designed to reveal Soviet strength prior to the Geneva conference, while others seem to be in keeping with a policy of conciliation. [REDACTED]

PART II

NOTES AND COMMENTS

Moscow Conference on "Atoms for Peace": The Soviet-sponsored conference from 1 to 5 July on peaceful uses of atomic energy was attended on the opening day by delegates from 17 of the 41 invited countries. Delegates from all Sino-Soviet bloc states except North Vietnam attended. Seven other nations were represented on the first day, and there were indications that delegates from at least six more would attend subsequent meetings. [REDACTED]

[REDACTED] Page 1

World Peace Assembly: The World Peace Assembly in Helsinki last week was used by Moscow to air European security schemes it may offer at the summit conference. [REDACTED]

[REDACTED] Page 2

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Soviet-Japanese Negotiations: The seventh session of the Soviet-Japanese talks in London scheduled for 5 July was postponed for one week following Soviet chief negotiator Malik's departure for Moscow. [REDACTED]

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The Formosa Straits--Military and Political: The Chinese Communists continue to refrain from major military action in the Formosa Straits area and to denounce "evasive" American statements on the prospects for direct Sino-American talks. [REDACTED]

Page 4

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South Vietnam: The Communists are intensifying their war of nerves designed to get the pre-election consultations specified in the Geneva agreements under way on 20 July. Diem is expected shortly to express his readiness to accept a procedure for unification by "truly free" elections. While he will make clear that this position in no way indicates acceptance of the Geneva terms, he will also avoid a flat rejection of the Geneva concept. If the Communists are not satisfied with Diem's position, the USSR may raise the issue at the summit conference. [REDACTED]

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Page 5

Cambodia: The International Control Commission in Cambodia is not expected to rule on whether the American-Cambodian military aid agreement is a violation of the Geneva terms until Nehru returns to New Delhi on 12 or 13 July. The Indians, rather than issuing a flat denunciation of the agreement, may press for the United States to clarify certain points and to declare that it is purely defensive. [REDACTED]

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Page 7

Indonesian Crisis: Indonesia's army-cabinet crisis, which developed on 27 June over the installation of General Utoyo as the new chief of staff, appears about to become the subject of protracted negotiations. Although the army continues united in its opposition to Utoyo and is reported to consider itself in a strong position, the collapse of the Ali cabinet over the issue appears less likely than it did a week ago. [REDACTED]

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Malayan Elections: Malaya's first national elections will be held on 27 July. Fifty-two seats in the new 98-member Legislative Assembly are at stake. The remainder are filled by appointment. In the separately administered colony of Singapore, the government elected in April has come under severe pressure from a Communist-front party. The situation in both areas is complicated by Communist maneuvering. [] Page 9

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Pakistan Constituent Assembly Convenes: The new Pakistan Constituent Assembly which convened on 7 July will almost certainly be the scene of considerable confusion during the next several months. It is unlikely, however, that the situation will deteriorate to a point where Pakistan's relationship with the United States would be seriously affected. [] Page 10

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The Cyprus Issue: Britain's invitation of 30 June to Greece and Turkey for a general discussion of "eastern Mediterranean" problems is the first step toward a new approach to the Cyprus dispute since the British offer of a limited constitution in July 1954. [] Page 11

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French North Africa: Incidents of violence continue in Morocco and Algeria. The French-language press in Tunisia published anti-American articles following the 28 June bombing of the USIS offices in Tunis and the unsuccessful attempt to bomb the residence of an American vice consul. [] Page 12

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East Germans Seek Separate Talks on Trade and Highway Tolls: The East German government has broken its agreement to meet West German representatives in a joint discussion of trade and highway toll questions and has called for separate talks on the two issues. Continued East German refusal to link the two issues may lead West Germany to consider terminating the interzonal trade agreement. [] Page 13

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The New Italian Cabinet: The cabinet announced by premier-designate Segni on 6 July promises little in the way of positive achievement. It will probably serve merely as a caretaker government and may fall even before general elections, now being considered for spring 1956. [] Page 14

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Argentine Situation: President Peron's conciliatory speech on 5 July appeared designed to propitiate both opposition and Peronista Party circles. Unrest in these circles has been abetted by the continuing and unusual delay in announcing new cabinet members and by the behind-the-scenes power struggle, in which military elements appear still dominant. [] Page 15

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Railway Strike Adds to Unrest in Ecuador: President Velasco's handling of the railway workers' strike in Ecuador will probably aggravate existing political tension and stimulate the growing unrest. [REDACTED] Page 16

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PART III

PATTERNS AND PERSPECTIVES

SOVIET OBJECTIVES AT THE SUMMIT CONFERENCE Page 1

The Soviet Union is expected at Geneva to seek agreement on a set of general principles of peace, security and coexistence, and on the scheduling of a series of international conferences on disarmament, Far Eastern issues, world trade, and European security. Its most important new proposals are likely to relate to European security and to be designed to delay and limit the effectiveness of West German rearmament within NATO. [REDACTED]

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DIFFERENCES ON THEORY BETWEEN MOSCOW AND PEIPING Page 4

The Chinese Communists since Stalin's death have been bolder in stating certain theories which diverge from traditional Soviet views. Soviet theorists have apparently been trying to interpret their own position broadly enough to allow for the Chinese divergences. Their reluctance fully to accept Mao Tse-tung's formulations may reflect concern over the possibility that Peiping will emerge as a new doctrinal center in the Communist world. [REDACTED]

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HUNGARIAN REGIME ATTEMPTING TO TIGHTEN CONTROLS Page 6

The Hungarian regime has undertaken measures to strengthen party control and to overcome political indifference and economic stagnation. To achieve its political objectives, the government will have to resort to intimidation and coercion. This, in turn, is likely to increase popular resistance and reduce chances of improving the economic situation. [REDACTED]

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POLITICAL TRENDS IN GREECE Page 8

The Greek Rally of Prime Minister Papagos, in power since November 1952, is gradually disintegrating because of a widespread desire for political change, dwindling popular support, and the ailing prime minister's loss of firm control. A return to shifting, unstable coalition governments appears likely. Greek orientation toward the West is not likely to be affected, but American influence might be reduced, and a future government would be likely to adopt a more independent attitude on foreign and domestic problems.

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PART I

OF IMMEDIATE INTEREST

SUMMIT CONFERENCE DEVELOPMENTS

In an apparent effort to demonstrate Soviet good will and strength on the eve of the Geneva conference, a large delegation of Soviet Presidium members, including party secretary Khrushchev, appeared at the American embassy's Fourth of July reception.

The purpose of Khrushchev's remarks at the reception evidently was to (1) re-emphasize publicly and impressively that the Soviet leadership is making a genuine effort to seek a detente, and (2) reverse the threat to the USSR's negotiating position which would result from a conviction in the West that the recent Soviet initiatives toward relaxing tensions stemmed from weakness.

Soviet sensitivity to such Western speculation has been repeatedly evidenced in propaganda and Moscow's recent conciliatory moves have apparently made it seem all the more important to assert a position of strength.

Khrushchev's remarks dealt primarily with Western comments about internal dissension and Soviet failures in industry and agriculture, which could not be refuted by the military parades and fly-by's recently used to demonstrate Soviet military strength. His emphasis on Soviet strength and on the USSR's desire for a detente may have been intended to persuade the United States, as well as non-Communist nations which might influence the Western negotiating position, that it is necessary to meet

the Soviet Union halfway if any agreements are to be achieved.

The Soviet press covered the press conferences of Secretary Dulles and President Eisenhower on 28 and 29 June in a generally straightforward manner. This treatment contrasts particularly with the strong attacks in the past on Dulles' statements relative to the four-power conference. The quoting of Eisenhower's question whether the Soviet leader at Geneva would be able to make decisions binding on other leaders was most unusual.

The President's remarks on the Satellite question, however, led to a sharper Pravda editorial which reflected Moscow's continuing sensitivity to that issue. Pravda approved the President's remarks on the need for following peaceful rather than provocative methods, but said that whether or not he so intended, the President's statement encouraged the course of interfering in the internal affairs of the People's Democracies of Eastern Europe.

TASS reacted sharply to Secretary Dulles' charge that the USSR apparently has lost interest in German unification. It described unification as "an irresistible, historic tendency which sooner or later would find its way."

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There are increasing signs that the USSR will raise at least one Far Eastern issue--all-Vietnam elections--at Geneva. This is the feeling of British and French observers in Saigon. The Viet Minh is pressing for the start of discussions between the two Vietnamese governments on 20 July concerning the 1956 elections. Chou En-lai gave public support to early negotiations during

Ho Chi Minh's Peiping visit and the question will certainly be discussed during Ho's trip to Moscow.

If the USSR raises this issue at the summit conference, it is likely to charge that the United States is trying to block the Geneva agreement by influencing the South Vietnam government to stall on discussions. (See Part III, p. 1, for a more detailed discussion of Soviet objectives at the summit conference.)



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**RECENT SOVIET BLOC
MILITARY ACTIVITIES**

On several occasions since early April the Soviet Union has flaunted its armed strength, probably in an effort to impress the West with the power of its military position. At other times, however, military activity has seemed to support the Soviet diplomatic policy of "reasonableness" in international affairs.

Outside the public arena, the Communists continue to place great stress on increasing their military potential.

Public displays of strength have included the 20 "practice fly-by's" in the Moscow area since 1 April and the annual Soviet Aviation Day show in which new Soviet jet fighters and bombers participated, and the establishment of the bloc military coalition at Warsaw on 14

May, which has been emphasized in propaganda as a counter to NATO. The air show on 3 July, postponed from 19 June, was the largest public display of new aircraft since World War II.

On the other hand, to support its policy of "reasonableness," there are indications that the USSR is preparing to withdraw some of its occupation troops from Austria even before the state treaty goes into effect. The first large group of Soviet troops is reportedly to be withdrawn to the Soviet "national boundary" just prior to the summit conference. Other military displays of moderation include the well-publicized withdrawal of Soviet units from Port Arthur by the deadline date of 31 May and the continued postponement of formal creation of an East German army.

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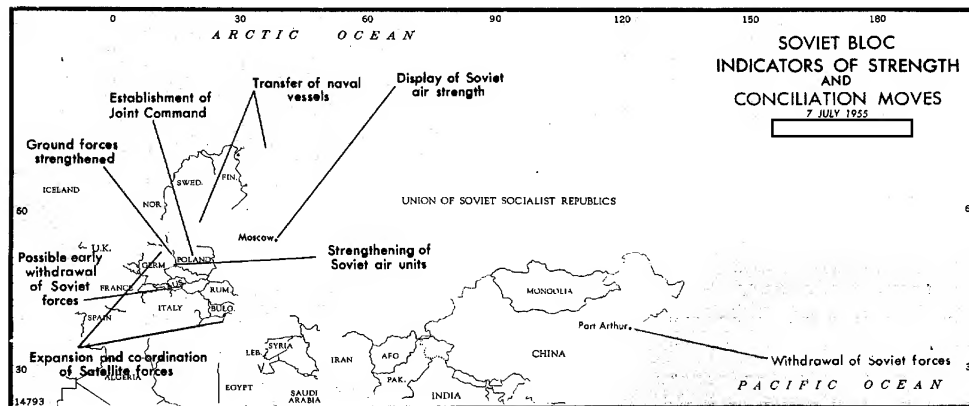
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While the attack on an American reconnaissance aircraft in the Bering Sea area on 22 June served as an occasion for an unusual Soviet expression

Continuing stress on bloc naval power is indicated by the transfer of additional new cruisers and destroyers from the landlocked Baltic to the open



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of regret, Molotov's action appears to be a case of making the best of an unexpected situation.

Other recent bloc military developments, not publicly advertised, show that despite current Soviet disarmament proposals, the Communists continue strenuous efforts to maximize their fighting capabilities.

Recent improvement in offensive air power includes the doubling of Soviet jet light bomber strength in East Germany. Further development of Soviet air defense capabilities has been achieved by extensive air defense exercises and the introduction of all-weather fighters into Soviet units in East Germany beginning in April.

waters of the Murmansk area in May.

The reorganization, strengthening and co-operation of bloc ground units also is progressing. Nearly 1,000 new-model medium tanks have arrived for Soviet divisions in Germany since January. This has resulted in an actual augmentation in Soviet tank strength in Germany of about 25 percent; and evidence of the reorganization of tank units indicates that the final augmentation is planned to reach about 65 percent.

Artillery and transport are also being improved for these units. There are also preparations for unit expansion and equipment strengthening of Satellite forces this year and evidence of a program to improve co-ordination among Soviet and Satellite field units.

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PART II

NOTES AND COMMENTSMoscow Conference
On "Atoms for Peace"

The Soviet-sponsored conference from 1 to 5 July on the peaceful uses of atomic energy was attended on the first day by delegates from 17 of the 41 invited countries. All Sino-Soviet bloc states except North Vietnam attended. Nonbloc states were strongly represented by delegations from Egypt, Finland, India, Israel, Japan, Sweden, and Yugoslavia. There were indications from various sources that Switzerland, Norway, Iran, Austria, and the Netherlands would be represented at some time during the conference.

The president of the Soviet Academy of Sciences said in his opening speech that the reports to be presented would not duplicate reports scheduled to be given at the UN-sponsored atom conference at Geneva opening on 8 August. He did not indicate, however, how the Moscow conference would differ in emphasis or aim from the later one. A four-column article in Pravda simply stated that the Moscow meetings would "contribute" to the Geneva meeting.

The publicity given to the Moscow conference suggests that the USSR will achieve its aim of gaining a propaganda advantage before the August

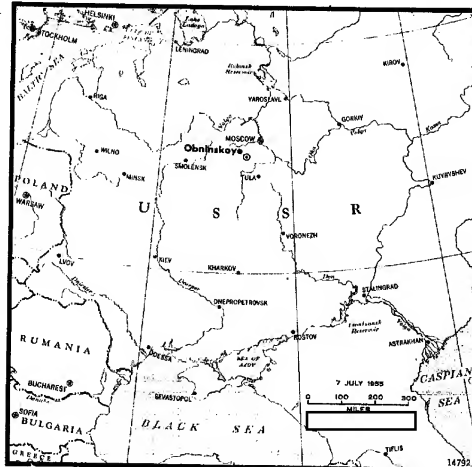
conference opens. Moscow may also believe that the meeting it sponsored would offset gains made by the United States through bilateral atomic agreements and by President Eisenhower's speech on 11 June offering reactors to various countries.

It is probable that at least some of the scientists who attended the Moscow sessions will be shown the Soviet atom-driven power plant--probably located at Obninskoye--before their departure, in the hope

that this will reduce the effect of the American demonstrator reactor to be shown at the Geneva meeting.

The scientists were shown a film entitled "The First in the World" about the Soviet power plant. This is probably a good indicator of the type of propaganda Moscow will promote before and during the UN-sponsored conference in August.

The USSR will presumably also use the participation of Communist China at the Moscow meetings as a precedent for seeking participation of Peiping in future international meetings on nuclear disarmament or on the use of nuclear energy for peaceful purposes.



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World Peace Assembly

The World Peace Assembly, held in Helsinki from 22 to 29 June, was used by the USSR to air European security schemes it may offer at the summit conference.

The unusual variety of solutions offered for achieving a peaceful Europe--creation of a collective security system replacing the existing blocs, lessening of the military threat by Germany's leaving NATO, and German neutralization with an agreement as to Germany's armed strength--indicated that Moscow may have been testing European reaction and also maintaining its flexible position on a number of subjects it might raise in Geneva.

The speakers, despite their attention to Germany and European security, had little to say in detail about the problems of German reunification. The assembly's concluding report did, however, link the unification issue with "this new understanding of European security" which can be effected if the terms are such as to "preclude any possibility of a revival of German militarism and Germany's participation in any military alliance."

The special "working committee" created for debating the disarmament and atomic weapons question issued a final report which linked nuclear weapons with conventional disarmament and reiterated the disarmament provisions outlined by the USSR on 10 May.

The signature campaign for the Vienna Appeal was mentioned only once, despite the great

propaganda effort built around it for the past five months. This soft-pedaling may indicate a desire to avoid the obvious divergence which exists between the Vienna Appeal's call for immediate abolition of nuclear weapons and the more realistic and long-term approach to nuclear disarmament of the USSR's 10 May proposals.

Speeches during the course of the assembly referred to the "press of public opinion" rather than to the vast number of signatures collected for the appeal. Earlier reports had indicated that the final results of the drive would be presented at Helsinki. The sole report was made by the Communist Chinese "peace partisan" Kuo Mo-jo, who referred to the numerical successes in China. The first statistics on the progress of the appeal in the Soviet Union were not issued until after the conclusion of the Helsinki assembly.

In reporting the proceedings of the conference, the American embassy in Helsinki quoted Professor Joliot-Curie, French scientist and chairman of the "peace movement," as stating flatly that "destruction of all life on our planet is within the range of technical possibility." Joliot-Curie made similar statements early this year, which he had to modify to parallel the Soviet position that only the capitalist system would be destroyed by an atomic holocaust. Moscow's propaganda broadcast of this speech included only a reference to a "great destructive force" of nuclear weapons, "the effect of which spreads over great distances and is preserved for a long time."

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Soviet Japanese Negotiations

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The seventh session of the Japanese-Soviet talks in London scheduled for 5 July was postponed for one week after Soviet chief negotiator Malik left London for consultations in Moscow. [redacted]

Malik, however, also has been the Soviet delegate to the disarmament talks in London and he may have been recalled to assist in preparing

the Soviet position for the four-power Geneva meeting, as reported by the press.

Reports from Austrians who returned from internment in the Soviet Union that from 5,000 to 6,000 Japanese were in Soviet hands last week increased popular indignation in Japan over Moscow's refusal to relax its position on repatriation. As a result, demands for the immediate restoration of diplomatic relations, with territorial and other issues to be settled later, were soft-pedaled by the Hatoyama government. The Japanese, however, still hope for an agreement with the USSR and anticipate a possible change in the Soviet position after the Geneva talks. [redacted]

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The Formosa Straits --
Military and Political

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The Chinese Communists continue to refrain from major military action in the Formosa Straits area.

Foochow. Supply of the peninsula will be facilitated.

There were indications this week of an additional transfer of Soviet naval vessels to the Chinese Communists. Six minesweepers or patrol craft, accompanying a convoy of Soviet vessels en route to Japan, were detached from the convoy and continued south through the Tsushima Straits toward China. [redacted]

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A new road is under construction which will link military positions on the Pei-ling Peninsula with the coastal road net running north from

The apparent increase in Chinese Communist surface forces coincides with a recent increase in jet bomber strength of the Chinese naval air force. [redacted] BEAGLE (IL-28) jet light bombers have been transferred from the USSR to the

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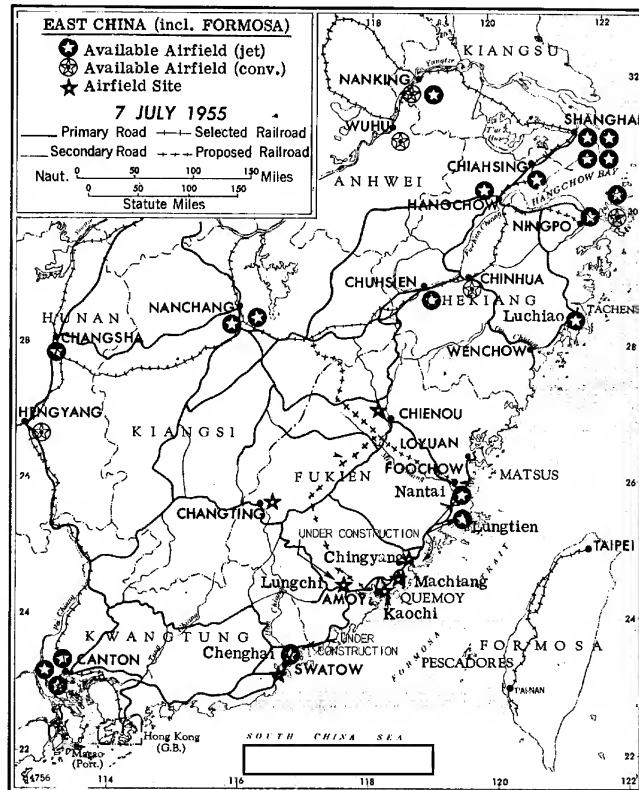
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naval air force since late March.

The Chinese Communist Party People's Daily on 2 July again denounced "evasive" American statements on the prospects for direct Sino-American talks. The newspaper also reaffirmed the Communist objection to Chinese Nationalist participation in any international conference on Far Eastern issues.

Contrary to Peiping's contention that it is the turn of the United States to make some concession to improve the atmosphere for either direct or international talks, Chou En-lai's intermediaries in approaches to Washington are expected to tell him that progress is not likely to be made until Peiping releases others of the Americans detained in China.

It would cost Peiping little to release any or all of the Americans, and it is not clear why the usually agile Chou has thus far moved so slowly. He may believe that the relatives of some of the prisoners will yet be permitted to visit them, or might hope that the prisoners could be used for bargaining on some such issue as that of Chinese students in the United



States whom Peiping wishes sent to Communist China, even against their will.

The Communists might also calculate that limited military action in the Formosa Straits will increase tension and thus increase pressure on the United States for either direct talks or an international conference, without the need for further Communist concessions.

South Vietnam

The Communists are intensifying their war of nerves designed to get the pre-election consultations specified at

Geneva under way on 20 July. Diem is expected shortly to express his readiness to

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accept a procedure for unification by "truly free" elections. While he will make clear that this position in no way indicates acceptance of the Geneva terms, he will also avoid a flat rejection of the Geneva concept. If the Communists are not satisfied with Diem's position, the USSR may raise the issue at the summit conference.

The Viet Minh began giving propaganda treatment about a month ago to the necessity for strict observance of that part of the Geneva declaration which states that consultations between the competent authorities of the north and south will take place "from 20 July 1955 onward."

More recently two high Viet Minh officials, as well as the Soviet ambassador in Hanoi, are reported to have hinted at "violent action" in the south should the consultations be delayed. In one case, this phrase was defined as a "popular uprising." It is doubtful that there is enough pro-Viet Minh sentiment in the south to permit such threats to be carried out except on a very limited scale.

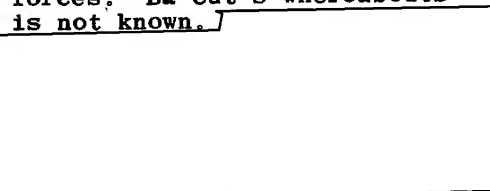
Ho Chi Minh's visit to Peiping and Moscow is well-timed to publicize the Communist position on this point. He will arrive in Moscow about a week before the summit conference. The USSR may try at the four-power conference to bring pressure on the United States, especially through Britain and France, to accept the Geneva timetable for elections, and it may cite this problem as one of the reasons why a Far Eastern conference, with Peiping participating, is necessary. Communist propaganda repeatedly has charged the United States with the

intent to prevent Vietnam's unification.

Meanwhile, two sticking points in Vietnamese relations with the French, the satisfactory resolution of which Diem had cited as prerequisite to a definition of a Vietnamese policy on elections, are apparently being cleared up.

French officials in Paris report that Diem's special envoy there agreed to a description of the title and functions of Henri Hoppenot, the newly designated senior French representative to be stationed in Saigon. Hoppenot is expected to leave Paris for Saigon in about a week. The French also report that they have reached agreement with the Vietnamese on the general principles for the transfer of the military command. Details of the transfer are to be settled later.

Internally, Diem claims a complete victory over the Hoa Hao rebels. The Vietnamese army has occupied the area formerly held by Ba Cut's forces. Ba Cut's whereabouts is not known.



The Cao Dai sect, whose military commanders supported Diem during the spring crisis, is showing signs of restiveness. Cao Dai leaders were instrumental in the formation of the Revolutionary Committee in late April and they see it as a device to protect their narrow sectarian interests. Two Cao Dai members of the committee on 5 July denounced most of Diem's cabinet as "traitors and enemies." They

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also demanded the immediate deposition of Bao Dai. By staying ahead of Diem on popular issues of this

nature, the Cao Dai hopes to win widespread popular support. [REDACTED]

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Cambodia

The International Control Commission in Cambodia is not expected to rule on whether the American-Cambodian military agreement is a violation of the Geneva terms until Nehru returns to New Delhi on 12 or 13 July. The Indians, rather than issuing a flat denunciation of the agreement, may press the United States to clarify certain points and to declare that it is purely defensive.

Although Nehru's final position on this issue is not yet known, an Indian Foreign Ministry official gave Ambassador Cooper the impression that India regarded the agreement as a Geneva violation.

Cambodia's Prince Sihanouk told a Norwegian diplomat on 29 June that if the International Control Commission returns an unfavorable verdict on the military aid pact, he would

take the issue before the Cambodian people and the Geneva powers. Some observers believe the prince actually would prefer the commission to return a negative report so that he would have an issue on which to attack and damage its reputation and lay the groundwork for challenging its supervision of the elections scheduled for 11 September.

Three members of the Cambodian cabinet resigned on 30 June, after being given the alternative of leaving Prince Sihanouk's political "movement" or resigning. Sihanouk's primary objective in this maneuver is to dissociate his new party from the ineffectual and increasingly unpopular government, but it is also possible that he wishes to avoid any further responsibility for the controversial military aid agreement. [REDACTED]

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SECRET**CURRENT INTELLIGENCE WEEKLY SUMMARY****7 July 1955****Indonesian Crisis**

Indonesia's army-cabinet crisis, which developed on 27 June over the installation of General Utoyo as the new chief of staff, appears about to become the subject of protracted negotiations. Although the army continues united in its opposition to Utoyo and is reported to consider itself in a strong position, the collapse of the Ali cabinet appears less likely than it did a week ago.

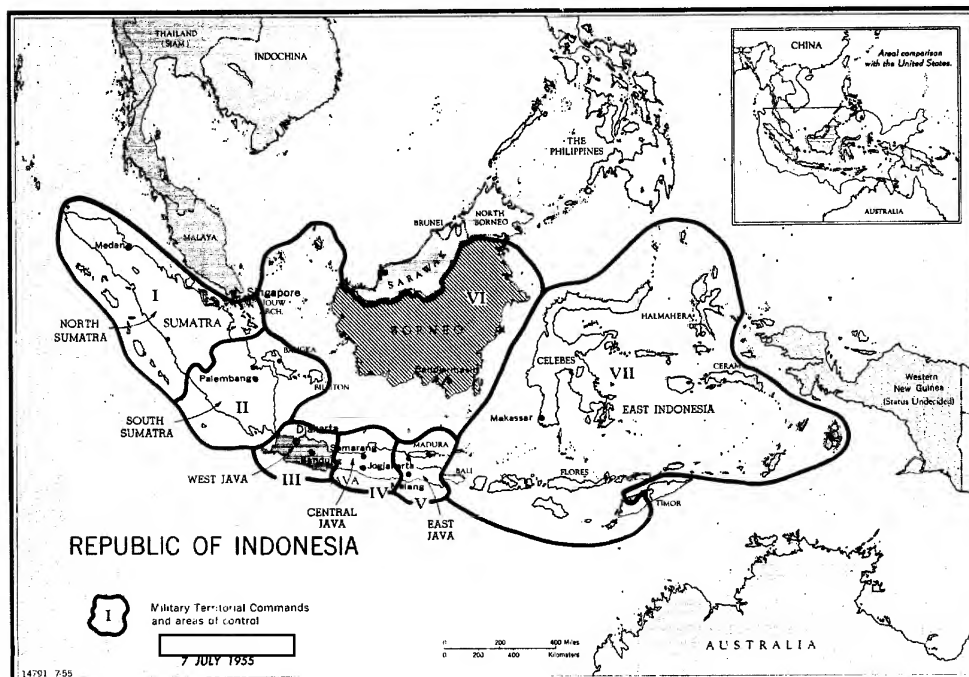
The cabinet on 2 July established a committee to deal with the situation and on 3 July senior army officers proposed an army-government conference to settle the crisis. Debate on the motion of no confidence in the defense minister, which began on 4 July, is scheduled to continue through 22 July. Two of the five independent members of parliament who introduced the motion

have withdrawn as sponsors, probably indicating revived expectations that the cabinet will continue in office.

Army leaders stated in their 3 July communiqué that the crisis should be solved in "accordance with the constitutional position of the army, which in normal times is subordinate to the government." They demanded, however, that the problem of political versus technical leadership of the army be discussed and a line of separation between the two established.

President Sukarno will be out of the country from 12 July until 8 August on state visits and a pilgrimage to Mecca. It is unlikely that any settlement will be reached during his absence.

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Malayan Elections

Malaya's first national elections will be held on 27 July.

Fifty-two seats of the new 98-member Legislative Assembly are at stake. The high commissioner appoints men to fill the other 46 seats; eight of these, however, after consultation with the party that emerges strongest from the elections.

Of seven parties participating in the Malayan elections, the Malay-Chinese-Indian Alliance is expected to win easily. The organization, composed of the United Malay Nationalist Organization, the Malayan Chinese Association, and the Malayan Indian Congress has won 226 of the 268 seats contested in municipal and state elections in Malaya since 1952. It is the only organization contesting all 52 seats. Its list of candidates, which highlights the country's multi-racial problem, includes 35 Malays, 15 Chinese, and two Indians.

The principal issues in the election are self-government and the continued enforcement of the state of emergency declared seven years ago. All parties agree that self-government should come soon, preferably within four years and regardless of Communist strength. They also desire an early end of the emergency.

The Alliance platform includes an amnesty proposal under which Communists would be given the choice of becoming good Malayan citizens or being returned to their country of origin, which in many cases would be Communist China.

A Communist bid for a negotiated settlement of the emergency, which was received in early June, was unanimously rejected on 23 June by the Operations Committee, a federal organization which includes Alliance representatives. Shortly thereafter, however, Alliance leaders announced they were willing to come to terms with the Communists. Reactions to a second Communist bid, received by the Malayan Chinese Association, a member party of the Alliance, have not been reported.

Anticipating Alliance pressure for a settlement after elections and aware that a rebuff of the Communist bid will stimulate already growing anti-British sentiment, British authorities are considering liberalizing the semiamnesty terms which already exist. Under present regulations, Communists who have committed no "major crimes" and who surrender are rehabilitated by the government. The British may try to incorporate in their new terms part of the Alliance amnesty proposal which, however, the Communists have already stated is unacceptable.

In addition to the difficulties involved in pressing military measures against the Communists while at the same time encouraging Malayan self-government, the British also have the problem of dealing with constantly increasing Communist subversion as the Communists work toward their goal of a united front.

In Singapore, Communist pressure is putting the popularly elected Labor Front government which took office in April

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to a severe test. A Communist-front organization, the People's Action Party, which has strong support among student and labor groups, has kept the government off balance with a succession of strikes and student demands, accompanied in May by serious riots. The People's Action Party had demanded the legalization of the Communist Party and may be expected to seek

acceptance of the Communist offer for negotiations.

The American consul general in Singapore sees the distinct possibility that the People's Action Party will bring down the government by either parliamentary or violent means. This would force the British to decide whether to permit the formation of a People's Action-led government or to reinstitute direct colonial rule.

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Pakistan Constituent Assembly
Convenes

The new Constituent Assembly of Pakistan, which convened on 7 July, contains no clear-cut majority group as did its predecessor. The Moslem League, which formerly held 56 of the 79 seats, now holds only 25. The next largest group is the United Front from East Pakistan with 16 seats, and the third is the Awami League, also representing East Pakistan, with 12.

Most of the delegates were not previously members of the assembly, and their views and personal loyalties are unknown.

In the immediate future, the only firm focus of power in Pakistan will be Governor General Ghulam Mohammad and his three principal associates--Interior Minister Mirza, Finance Minister Chaudhuri Mohammad Ali, and Defense Minister Ayub.

The governor general's appointment on 5 July of M. A. Gurmani, prospective governor

of the united West Pakistan province, as temporary chairman of the Constituent Assembly suggests that Ghulam Mohammad hopes to see a coalition of Moslem Leaguers under Gurmani, Awami Leaguers under Suhrawardy, a few other defectors from the East Pakistani United Front, and a few Hindu minority delegates.

If this is true, it would seriously weaken any hopes Prime Minister Mohammad Ali may have of leading a coalition of the Moslem League and the United Front. It could also foreshadow his eventual removal from office.

The precise nature of the groupings that will emerge in the assembly is still unclear, however. The character of each grouping may vary not only with the success each faction leader has in increasing his following but also with the nature of each issue debated in the assembly. It therefore seems unlikely that

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any coalition with a firm majority will soon establish itself on a permanent basis.

Ghulam Mohammad will almost certainly have to permit the Constituent Assembly to function uninterrupted for some time, since Pakistani public opinion has strongly backed the High Court's recent decisions emphasizing the necessity of democracy in the government.

If he feels it necessary, he will probably again use his emergency powers to dissolve the assembly and to rule with the aid of Mirza, Chaudhuri, Mohammad Ali, and Ayub.

Should Ghulam Mohammad do this, he would probably have much less public support and would experience much greater criticism than he did in October 1954. Considering his precarious state of health and the paucity of strong men capable of upholding his views, this weakening of central control might in the long run be accompanied by a weakening of American influence in Pakistan or by such outspoken criticism of a pro-American oligarchic clique as to discredit the United States in Pakistani eyes.

The Cyprus Issue

Britain's invitation of 30 June to Greece and Turkey for a general discussion of "eastern Mediterranean" problems is the first step toward a new approach to the Cyprus dispute since the British offer of a limited constitution in July 1954.

Both Turkey and Greece have agreed to meet in London after the Big Four meeting. By making the invitation publicly and in deliberately vague terms, Britain effectively forced an acceptance from Greece, which had pressed last summer for bilateral talks on Cyprus but was known to be reluctant to sit down with Turkey on the subject. At the same time, however, Britain has reversed its own previous stand that

Cyprus was a purely internal question.

Britain appears primarily interested in trying to end the present impasse on the Cyprus problem. In the present state of public opinion in Greece, Athens, like the Greek Cypriotes, insists that enosis--union with Greece--is the only political solution that can be considered. Britain to date has refused to entertain any suggestion that its sovereignty be surrendered.

London probably now hopes that a breathing space can be obtained during which it could at least discuss the constitutional offer of last July with leading Cypriotes. It probably also hopes to deter Greece from

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resubmitting the question to the UN General Assembly.

Britain apparently contemplates making no proposals for settling the Cyprus question, preferring to limit the talks to a "simple exchange" of views. Working-level officials have stated to American embassy officials in London, however, that if pressed during the talks, Britain will propose a constitution providing for a legislature with an elected majority and issue a declaration promising eventual self-determination. Last July the government had contemplated proposing a legislature with a majority of members appointed by the governor, fearing that otherwise the Communists, who are the best organized political party, might gain power as they did in British Guiana.

London's announcement of 2 July that it plans to spend \$60,000,000 for military construction on Cyprus re-empha-

sizes the importance of the island as the only remaining location for a British base in the eastern Mediterranean. For this reason, if for no other, Britain seems determined to make any political change in Cyprus dependent on an end to terrorism there.

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French North Africa

Violence continues in Morocco and Algeria. The French-language press in Tunisia has published anti-American articles following the bombing of the US Information Service in Tunis on 28 June and the unsuccessful attempt to bomb the residence of an American vice consul.

Former resident general Francis Lacoste left Morocco on 1 July and his successor, Gilbert Grandval, is expected to arrive on 7 July. The uncertainty in Morocco concerning Grandval's probable policy has been heightened by his declaration in Paris that he would act

"even in disagreement with the government." Statements by Premier Faure and other high French officials that Grandval had not threatened to disobey his instructions add to the confusion.

Grandval faces growing violence. During the last week in June, there were 53 armed assaults and a new record was set with 108 acts of sabotage. The American consul general in Rabat reports that terrorist and counterterrorist attacks in the past three months have increased fourfold over the first three months of 1954.

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In Algeria, mass arrests and military action in the rebel stronghold in the eastern part of the country have not stopped terrorism. French army strength in Algeria is estimated at 110,000, but Paris has announced that further troop reinforcements will be sent there. Meanwhile the French National Assembly debate on the Algerian problem, which was to have begun on 5 July, has been postponed until after the summit conference. Debate is now scheduled for 26 July.

The French minister delegate in Tunis has informed the American consul general that the United States must expect outbreaks of anti-American sentiment to continue. The minister

also said the bombing of the US Information Service and the dud bomb found at the residence of an American vice consul in Tunis were the acts of die-hard French elements.

In reporting these incidents, the French-language press has made irresponsible accusations against the United States, and implied that the USIS bombing was designed to prevent the distribution of "tendentious literature."

The French National Assembly debate on the agreements to give Tunisia a measure of home rule began on 6 July. Latest reports from Paris indicate that passage by the assembly is probable.

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East Germans Seek Separate Talks on Trade and Highway Tolls

While harassment tactics directed against West Berlin have continued at a low level, the East German government has broken the agreement it made on 14 June to meet West German representatives in a joint discussion of trade and highway toll questions and has called for separate talks on the two issues.

At a meeting with West German trade officials on 1 July, the representative of the East German Ministry of Foreign and Internal German trade urged resumption of trade talks but

declared that transport problems should be discussed between representatives of the two transport ministries. The East Germans had previously agreed to discuss the two issues simultaneously.

In the opinion of American ambassador Conant in Bonn, East German action in this matter may have been influenced by the recent altercation between East and West Berlin municipal officials over the possibility of establishing "technical unity" between the two parts of the city. Following an

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exchange of statements with Mayor Suhr of West Berlin, East Berlin's Mayor Ebert declared on 26 June that East Berlin municipal authorities will hold discussions only at the political and not the technical level. Suhr has previously stated that political talks are out of the question.

West German officials take the position that East Germany broke off transport talks by unilaterally issuing new lower toll rates on 10 June. They are willing to modify their selective embargo on shipments of Ruhr iron and steel to East Germany if the East Germans will make concessions on the road toll.

With little hope of success, the West German cabinet on 5 July authorized the Federal Ministry of Transport representative to meet with East German Transport Ministry representatives to make a new lump-sum

offer of 12,000,000 marks annually, the sum estimated by West German experts to be the Federal Republic's equitable share for maintaining the roads to West Berlin.

Bonn may be willing to pay as high as 18,000,000 marks annually if the East Germans express an interest in this line of negotiation. Bonn officials may also attempt discussion of adjusting rail freight rates to Berlin to make them more competitive with truck rates. In addition it is planned to inquire into East German needs for rail and truck spare parts, which are in critically short supply in East Germany.

In Conant's opinion, continued East German refusal to negotiate will probably lead West Germany to give renewed consideration to terminating the international trade agreement.

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The New Italian Cabinet

The cabinet announced by premier-designate Segni on 6 July promises little in the way of positive achievement. It will probably serve merely as a caretaker government and may fall even before general elections now being considered for spring 1956.

To preserve former premier Scelba's quadripartite arrangement of Christian Democrats, Social Democrats, and Liberals in the cabinet with parliamentary support from the Republicans, Segni has apparently sacrificed his reform program in a compromise with the rightist Christian Democrats who caused Scelba's downfall. These

essentially disparate elements are, however, reconciled only temporarily. Segni's fall would probably mean an attempt at a minority Christian Democratic government looking toward new elections.

The continuity of Italy's pro-Western foreign policy seems assured by the retention of Martino as foreign minister and Taviani as defense minister. The inclusion in the new cabinet of right-wing Christian Democrats in ministries dealing with domestic affairs suggests a continuing stalemate in the field of domestic reform.

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Support of the Social Democrats has been bought by the continuance of their leader Saragat as vice premier and their representatives Vigorelli and Romita as ministers of labor and public works respectively. Christian Democrat left-wingers in key posts are Vanoni, author of Italy's ten-year economic plan, as budget minister, and Colombo as agriculture minister.

Offsetting the influence of these, however, are the militant right-wing Christian Democrats Andreotti, Gonella, and Tambroni, who can now reinforce the Liberal Party cabinet members in obstructing important reform measures.

Andreotti as finance minister can be expected to smother the efforts to Vigorelli to put through the pending tax reform bill. Tambroni, as merchant marine minister under Scelba, was very close to powerful

shipping interests. As Segni's interior minister, he could compromise internal security by making profitable deals with the Communists. Gonella, a long-time education minister and devout churchman, can, as minister without portfolio in the cabinet, checkmate the activities of Rossi, the Social Democratic education minister appointed to appease the anti-clerical minor parties of the cabinet.

Segni will present his cabinet for approval to the Chamber of Deputies next week and to the Senate two weeks hence. While his government has the same thin majority in the Chamber as Scelba's--303 seats out of 590--and will probably be tolerated for the time being by the Nenni Socialists and the Monarchists, its future depends on the success with which it avoids all controversial issues, including measures against the Communists.

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Argentine Situation

President Peron's highly conciliatory speech of 5 July appeared designed to propitiate both opposition and Peronista Party circles. Unrest in these circles has been abetted by the unusual delay in announcing new cabinet members and by the behind-the-scenes power struggle in which military elements appear still dominant.

Peron's speech emphasized the need for an end to "political strife" and for "coexistence with the opposition," which, he said, was now voicing demands for "peace and understanding among Argentines for the first time in many years." He absolved the traditional

political parties as such of any participation in the revolt, admitting that some of their members may have acted on a personal basis.

Though Peron initiated such a "coexistence" campaign in 1953, his words of 5 July were the most conciliatory of his career and were probably prompted by army pressure or by fear of further violence.

Peron's apprehension of possible action by labor to restore his former power is suggested by his own statement that he was speaking to counteract rumors that his regime had lost ground and "to reassure

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the people who have insistently voiced their anxiety through various media."

Since the 16 June revolt, there has been scant mention of the Peronista Party in the press and reduced attention to Peron himself. Moreover, the head of the General Confederation of Workers was replaced, and labor's formerly powerful representative in the cabinet was the first to "resign."

The four new cabinet ministers announced thus far for the posts of interior and justice, education, agriculture, and transportation are Peronista Party members, but none is a labor leader, as was former interior minister Borlenghi. The status of other cabinet

ministers whose resignations were announced on 23 June is still not clear and other changes are rumored. The replacement of the controversial subsecretary of press and propaganda fulfills another reported demand of the military.

Tension will probably continue until there is more public evidence that the government and military have resolved important political questions, such as the cabinet composition and government policies in general, as well as the status of the navy rebels. Peron's continuance as chief of state is apparently considered by military elements as the most peaceful means of obtaining their objectives.

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Railway Strike Adds to Unrest in Ecuador

President Velasco's handling of the railway workers' strike, which began on 30 June in Ecuador, will probably aggravate existing political tension and stimulate the growing unrest.

Velasco, who has called the strike a "political attack against the regime," has been granted broad emergency powers by the Council of State. He has called for dissolution of the railway union and has attacked the press for failing to condemn the strike movement and not supporting the government.

Until most workers returned to duty on 4 July, pending a permanent settlement, the army attempted to operate the Quito-Guayaquil railroad--the lifeline

between the Sierra and Coastal areas--but was unable to muster sufficiently experienced crews to continue normal service. The military does not have sufficient forces to protect the rail and communications lines from sabotage.

The strike leaders, meanwhile, are demanding that since Velasco created unionism in Ecuador, he should respect it. They contend that many workers have gone without pay for four months. The railway union is insisting on the payment of all back wages, the release of all arrested strike leaders and an increase in the freight rate for gasoline. This last demand is strongly opposed by the powerful chauffeurs' union and other labor organizations.

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The railway union, which is affiliated with the Communist-dominated Ecuadoran Confederation of Workers, has also demanded the release of Senator Pedro Saad, secretary general of Ecuador's Communist Party, who was arrested earlier on charges of agitating the strike of banana growers in Esmeraldas Province in mid-June. Thus far, however, only one arrested leader of the rail strike has been identified as a Communist Party member.

The present controversy comes at a time of increasing maneuvering by Ecuador's political parties in preparation for the November municipal elections and the congressional

and presidential elections next June. President Velasco has been feuding with popular groups of all types

Velasco has twice before-- 1935 and 1947--been forced from the presidency and into exile because of dictatorial methods. During his present term, however, the president has made virtually no important move without the consent of the military. Through increased pay and other benefits he has apparently kept on his side most of the armed forces, the key to power in Ecuador.

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PART III

PATTERNS AND PERSPECTIVESSOVIET OBJECTIVES AT THE SUMMIT CONFERENCE

The Soviet Union is expected at Geneva to seek agreement on a set of general principles of peace, security and coexistence, and on the scheduling of a series of international conferences on disarmament, Far Eastern issues, world trade, and European security. Its most important new proposals are likely to relate to European security and to be designed to delay and limit the effectiveness of West German rearmament within NATO.

Progress toward an improvement in international relations could prove a twofold advantage for the USSR. If Moscow is able to convince the non-Communist world that it sincerely desires to settle at least some outstanding issues, the West might relax its defense efforts. This in turn would reduce the pressure on the Orbit for a military build-up and permit Soviet leaders to give more attention to domestic problems and to shift more resources to heavy industry and agriculture.

Moscow's evident eagerness to appear conciliatory does not mean it is willing to appear to give in under Western pressure to prove its good faith. Recent Soviet propaganda on the Austrian settlement, the Adenauer invitation, the mission to Belgrade, and the Malik disarmament plan has sought to place the burden on the West to show what it is willing to do to end the cold war.

This may indicate that the USSR will offer only a minimum of concessions at Geneva, saving further offers for later, more detailed negotiations. In any case, Moscow apparently

wants to avoid a stalemate at this time.

Nevertheless, the USSR has stressed that it expects to be met halfway, and that it feels it will be negotiating from a position of strength.

The Geneva Agenda

Although there is general agreement that the agenda of the conference will be an open one, Moscow has made it clear what issues it thinks should command attention.

Molotov told the foreign ministers at Vienna that the heads of government should discuss disarmament, the atomic question, a five-power conference, and European security, as well as the general reduction of tension.

A TASS statement on agenda topics on 13 June, which has been reflected in propaganda since, included disarmament, the atomic questions, Asian and Far East peace and security, Communist China's "rights" in the UN, and European security.

All the Far Eastern questions which Moscow and Peiping have identified as outstanding could obviously be included in the TASS category. The Communists presumably feel these questions should be discussed at a later conference including Communist China.

The Soviet disarmament plan as an agenda topic would cover a broad list of measures which Moscow states would engender the "trust between states" needed to make a disarmament program work, but not clearly labeled as prerequisites

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to any progress on disarmament. The plan calls for a ban on war propaganda, troop withdrawal from Germany, the abandonment of foreign bases, sharing of atomic energy for peaceful purposes, settlement of Far Eastern questions, and expansion of international economic and cultural relations.

The omission of German unification in the Soviet comments on the Geneva agenda suggests that Moscow wishes to avoid this question at the July conference and to leave it to representatives from the two German states or to later talks with Adenauer.

Specific Soviet Objectives

Moscow probably does not expect any major issues to be settled at Geneva. It will probably seek a heads-of-government agreement on some basic principles and on the nature of future meetings to explore the details of issues.

The USSR will presumably attempt to gain the maximum publicity for its proposals and to present them in as attractive a form as possible. It could be expected to use any agreement reached, however general, on peace, security, or coexistence as "proof" that the West was "forced" by public opinion to accept the principles Moscow has been so loudly proclaiming.

Furthermore, the USSR will probably seek agreement on other meetings on terms favorable to it. A conference of five, six, or even ten or more powers, including Communist China, would be intended to serve Moscow's purposes by enhancing Peiping's prestige and putting pressure on the United States to withdraw or modify its support of Nationalist China. Peiping has frequently indicated that it would welcome such a conference.

The Soviet leaders apparently hope the substantive proposals on the Far East can be postponed for a separate conference including Communist China. They may, however, try at Geneva to define the Far Eastern problems to be discussed at such a later conference or seek reaffirmation of previous agreements, such as that for elections in Indochina.

On world disarmament, the USSR may seek agreement to make the plan presented by Malik on 10 May the "basis for discussion" in further sessions of the UN disarmament subcommittee. It is not likely to offer any major changes in this plan at Geneva.

Moscow will apparently also seek a world economic conference. It presumably expects that such a conference would concentrate on the removal of restrictions on trade in strategic goods.

The Soviet Union will probably make new proposals on European security and try again to get agreement on a meeting, probably including both German states as well as all other European countries, to discuss its plan and any the West might care to present.

European security is the issue on which important new Soviet proposals are most likely to be made at Geneva. A more promising plan than those offered in the past would seem necessary to induce the Western countries to agree to attend a European security conference in the future.

European Security

European security is a useful topic from Moscow's point of view because of the wide interest in the subject and because it can make proposals on this without necessarily endangering its control over East Germany. Nevertheless, it

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will be difficult for the USSR to devise a formula which has a wide appeal in Europe and which at the same time serves the Soviet aim of undermining the American military position. To convince a great number of Europeans that the Americans should leave may require much greater evidence than Moscow is willing to offer of its willingness to pull back its forces and loosen its control in Eastern Europe.

Moscow must make a choice between a security system which replaces NATO, WEU and the Warsaw organization and one which is simply an agreement between the existing blocs.

An interbloc agreement would presumably give Moscow a voice in settling maximum arms limits for Western Europe and particularly Germany. It would probably include explicitly or implicitly a guarantee of the Satellite states against attack or subversion, which would be of some value to the USSR. Moscow probably would also insist on a specific guarantee of the existing state frontiers.

Such an agreement by itself would be inadequate from Moscow's point of view, however, because it would leave American troops and bases in Europe and the Western defense system--including West Germany--fundamentally unchanged.

There can be no doubt that the USSR favors dissolution of the existing groupings as the best way of destroying the effectiveness of the Western defense system. The original Molotov security plan presented in February 1954 would have abolished EDC and NATO, although it was later amended to permit the continuation of NATO--a NATO diluted by the inclusion of the USSR. The Warsaw pact provides for its own dissolution if an all-European organization is set up.

A third possibility would be a Soviet attempt to set up a series of small regional groupings, which would gradually undermine NATO. The firmest evidence of such a tactic is a series of Soviet suggestions to Greek and Yugoslav officials favoring a Greek-Yugoslav-Turkish-Bulgarian entente. Soviet approaches to Norwegian officials extolling the neutral belt concept could foreshadow an attempt to break Norway and Denmark away from NATO. These peripheral erosion tactics, however, would not meet the heart of the Soviet problem--undermining Germany's contribution to NATO.

Troop Withdrawal

Whatever form the Soviet plan for European security takes, it will be accompanied by a plan for troop withdrawal and abandonment of bases, already foreshadowed in Soviet proposals dating back to the Berlin conference early last year. As a minimum this would involve the withdrawal of all except strictly limited contingents of occupation troops from Germany. American troop withdrawal has a high priority among Soviet objectives, but it would have little European support unless matched by the USSR. This would involve some risk for the USSR in East Germany, its extent depending on how many Soviet troops remained and whether any accompanying security plan guaranteed Soviet control of East Germany.

To achieve American troop withdrawal and base abandonment in most or all of Europe, the USSR might offer troop withdrawal from the other Satellites. However, it has never endorsed the plan originated by a Communist meeting in Warsaw in February for Soviet troop withdrawal from Germany and Poland to match Western troop withdrawal from

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Germany. The USSR might even agree to some "neutralization" formula for some of the Satellites, provided it did not affect the internal structure of those countries.

Arms Limitations

Moscow has not made it clear how high a priority it puts on having a voice in setting the maximum size of German forces, as part of an arms limitation agreement that might be reached between the two security organizations or under an all-European system. In connection with its proposals for troop withdrawal from Germany, the USSR has consistently advocated a four-power agreement on the size of East and West German police forces, but it has not extended this to apply to military forces.

Soviet leaders have several times pointed out that the European security and

disarmament issues are closely linked, suggesting perhaps that Moscow would insist that a limit on European forces be implemented only as part of a worldwide disarmament plan. It may also indicate that Moscow considers a ban on foreign bases--part of the Soviet disarmament plan--as essential to any agreement on European security.

The Soviet delegation at Geneva may only be concerned with painting the attractive outlines of a European security plan in order to achieve a separate conference on the subject. The harsher details could be saved for later. Whatever the timing, Moscow will find it difficult to present a plan which will effectively cripple Western defense without antagonizing most Europeans or else sacrificing Soviet interests in Eastern Europe to a greater extent than it desires.

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DIFFERENCES ON THEORY BETWEEN MOSCOW AND PEIPING

The Chinese Communists since Stalin's death have been bolder in stating certain theories which diverge from traditional Soviet views. Soviet theorists have apparently been trying to interpret their own position broadly enough to allow for the Chinese divergences. Their reluctance fully to accept Mao Tse-tung's formulations may reflect concern over the possibility that Peiping will emerge as a new doctrinal center in Asia.

Differences in the Soviet and Chinese positions emerged when Peiping claimed in 1953 that the task of "building socialism" in China was at hand. Whereas Peiping announced this transition period in August 1953 and initiated a major propaganda campaign on this subject in October of that year, Moscow did not fully recognize the new period until April 1954.

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Soviet and Chinese Communist comment has consistently differed in treating two aspects of the "transition to socialism" question. These are the nature of state power and the right of any Communist state to adopt a fundamentally different form of transition.

Mao Tse-tung had in 1940 rejected the "dictatorship of the proletariat" as a type of state inappropriate for "semi-colonial and colonial" countries. He had advocated instead a new transitional form, a "joint dictatorship of several revolutionary classes." With the establishment of his government in 1949, he proclaimed a "people's democratic dictatorship" which preserved the fiction of multiclass government. This concept of a postrevolutionary regime had no precedent in Soviet Communist theory.

Since the proclamation of the "transition to socialism" in 1953, Chinese theorists have stated that the "people's democratic dictatorship" is the political structure of the Chinese state necessary for advancing to socialism. The Soviet view of the absolute necessity for the "dictatorship of the proletariat" as the state form for a "people's democracy" building socialism--a well-established principle of Soviet Communist theory--has not been discussed by Chinese writers.

Soviet theoretical discussions, however, have asserted the inseparability of the concept of the dictatorship of the proletariat from the concept of the transition to socialism. Recent Soviet comment, trying to evade rather than to solve the problem, has blurred the distinction by expanding the definition of the dictatorship of the proletariat to include variant forms.

Chinese Communist writers have claimed that the "method" as well as the form of China's

transition would differ from that of the Soviet Union and the "people's democracies." One theorist explicitly asserted that Mao had "discovered" a new way for China's transition when he propounded the theory of the "New Democracy." This term referred to the Chinese approach to both the political structure and the economy in transition.

For their part, Soviet theorists, in discussing the forms of transition, have used a new formula which is vague enough to embrace Chinese development, without conceding that the Chinese are following an independent road.

They have insisted on the essential uniformity of the progress of all "people's democracies" toward socialism, that "in essence" the variations in forms are alike. They strongly imply, however, that "all theories about the 'independent' roads of the historical development of the countries of people's democracy" are heresies, as the theory of the Soviet revolution is held to be the model for all socialist revolutions.

There is no practical difference between the Chinese "people's democratic dictatorship" and the orthodox Soviet "dictatorship of the proletariat"--power is as exclusively held by the Communist Party of China as by the Communist parties of the Soviet Union and its Satellites.

The question, therefore, of what Peiping decided to call its regime may seem to be academic. However, Chinese Communist writers may have adhered to Mao's special views for two practical reasons:

First, to increase Peiping's prestige as a seminal source of doctrinal interpretation among Communist movements in "backward noncapitalist" countries.

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Second, to keep Mao's theories in circulation rather than to remain satisfied with tributes accorded him in the Soviet encyclopedia.

The Chinese are apparently acting on the assumption that since Mao is one of the formulators of Marxist-Leninist doctrine as applied to Asian conditions, his formulations can be used to increase Peiping's influence among Asian Communists.

The Kremlin is presumably anxious to preserve its position as the only effective source of Communist doctrine and guidance.

At the present time, however, the Russians may not feel able to challenge Mao's theory openly.

Thus Soviet leaders may be working to limit the circulation of Mao's doctrine and at the same time to dissociate the Kremlin from it. It may be, too, that the Soviet ambassador to Peiping since December 1953, Pavel Yudin, an outstanding theorist and onetime editor of the Cominform journal, has been working to prevent further divergencies in Soviet and Chinese formulations.

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HUNGARIAN REGIME ATTEMPTING TO TIGHTEN CONTROLS

Since the beginning of March, when the Hungarian Worker's Party central committee published its sharp attack on "rightist deviation," the Hungarian regime has sought to mitigate the apathy and weak discipline which have been characteristic of the party membership during the past two years.

The "orthodox" leadership under party first secretary Rakosi has laid the blame for political indifference and economic stagnation on "rightist" dependence on economic concessions to gain popular support. The promoters of this "liberal" policy are accused of having depreciated the leading position of the party and neglecting the traditional Socialist goals of industrialization and collectivization.

By intensively propagandizing these goals among the party

rank and file and emphasizing class warfare, vigilance and the power of the regime to enforce labor discipline, the party leadership hopes to create new enthusiasm among party members and to strengthen its control over the population. The central committee is demanding more active leadership by the party rank and file in enforcing its directives among all segments of the population.

Party control over all mass organizations is being tightened. Steps are being taken to transform the Patriotic People's Front, which was revitalized by former premier Nagy to gain broad nonparty support for the regime program, into an overt arm of the party. The leadership is also acting to strengthen party control over the youth movement, which the Nagy group is accused of having tried to wean away from the party, and is sending out

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thousands of activists to strengthen the party's admittedly weak control in the villages.

The regime is apparently again resorting to the threat of police terror to eliminate open expressions of opposition fostered by the "liberalism" of the past two years. There has been a notable increase in the arrest of kulaks, and pressure against the church is increasing. Draconic measures are apparently being prepared to eliminate widespread petty economic offenses.

The American legation believes that a "show trial" intended to implicate it in "antiregime activities" is imminent. One purpose of such a trial would be to impress the population with the need for increased vigilance against both internal and external "enemies."

Similarly, the regime is reintroducing harsh measures to enforce strict fulfillment of crop delivery quotas by the peasants. It has also renewed the collectivization drive--neglected since July 1953--for the expressed purpose of making the socialized sector of agriculture predominant by 1960. The regime has proclaimed that it intends to depend on "political enlightenment and persuasion" to foster "voluntary" collectivization, but it will have to resort to force in order to obtain its goals in the face of certain peasant resistance.

A return to the pre-1953 policy of intimidation and coercion will undoubtedly increase popular resistance, especially since recent Soviet moves have produced widespread hope for an easing of Communist controls in the near future. Worker and peasant resentment would result in a deepening of the economic crisis and the

political chaos which the regime is seeking desperately to overcome.

A number of Hungarian leaders, including Premier Hegedus, appear to recognize this and to hope to find a middle course of action. They have emphasized that they "must not repeat the mistakes so often committed before June 1953."

For practical reasons, intensive development of agriculture and a less ambitious program for development of heavy industry must continue to form the basis of the regime's economic policy as they have for the past two years. However, construction of the ambitious socialist industrial complexes, which Nagy was accused of having abandoned, is now being continued at a modest pace, and strong pressure is being exerted to force industrial workers to increase labor productivity and cut production costs.

In an effort to gain popular support for the regime's program, younger, locally trained leaders such as Premier Hegedus and Vice Premier Hidas will probably assume increasing predominance in the leadership. These younger men are not specifically attached to either the Nagy or Rakosi party cliques and so might be able to gain more active support from the party rank and file, which has been badly confused and demoralized by the vacillations in party policy caused by the struggle between these two groups.

First Secretary Rakosi, whose party prestige and power were seriously challenged by his action against Nagy in March, may gradually take a less public part in the regime, although he will probably continue to exert considerable influence from behind the scenes.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

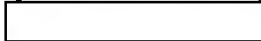
7 July 1955

Budapest is rife with rumors of impending changes. These stem primarily from the high level of excitement and hope engendered by the unexpected Soviet moves in Austria and Yugoslavia.

Speculation concerning the reduction of Rakosi's influence is as widespread in Budapest as it was last fall, but there is no evidence to support rumors that he has lost the support of the Kremlin which has so often enabled him to weather

periods of political crises in the past.

In similar fashion, rumors that Hegedus' position is weak are based simply on his absence from the limelight since 8 June, and are not supported by fact. He is believed to be still in Moscow, where he attended a reception for Nehru on 9 June. His agricultural policy speech on 7 June has been quoted extensively by the Hungarian press as recently as 2 July.



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POLITICAL TRENDS IN GREECE

The Greek Rally of Prime Minister Papagos, in power since November 1952, is gradually disintegrating because of a widespread desire for political change, dwindling popular support, and the ailing prime minister's loss of firm control.

There is a drift toward the usual Greek pattern of political instability, and a return to shifting, unstable coalition governments appears likely.

The Rally, a political grouping brought together by Papagos in 1951, depends on his personal leadership to harmonize its competing factions. Lacking such leadership from Papagos, the party may not be able to resist fragmentation much longer.

The Rally retains 212 of the 300 parliamentary seats, but large blocs are controlled by individual political leaders and, in the absence of firm control by Papagos, loyalties are not binding. Newspaper publisher Dimitrios Lambrakis, who claims to control 40 deputies, has been promoting an

alliance of the Liberal Party, the progressive Party, and the Rally faction led by Foreign Minister Stephanopoulos.

The leading contender for succession to Papagos as leader of the Rally is Constantine Karamanlis, minister of public works. He is reported to be favored by the palace, but he has few supporters among the professional politicians. The foreign minister and the defense minister are also bidding for the chance to succeed Papagos.



The opposition is also wracked by dissension. However, it has two advantages: first, it is able to attack without being vulnerable for recent political acts; second, it consists of tightly organized political machines. The principal urban centers are dominated by anti-Rally administrations, and instances of corruption among Rally mayors will probably strengthen sentiment against that party.

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CURRENT INTELLIGENCE WEEKLY SUMMARY

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The newly created Liberal Democratic Union of Sophocles Venizelos is now the largest opposition party, with 24 deputies. It probably will gain further strength by defections from the nearly moribund Progressive Union of the Center (EPEK) and the Liberals. In new elections, Venizelos might also get informal support from the Communist-front United Democratic Left (EDA).

National elections are not mandatory until November 1956, but the death or withdrawal of Papagos from active politics would bring about earlier elections. Sentiment for a change in the electoral law is becoming stronger. It is uncertain how far the trend will go away from the present majority system, which gives the party winning a plurality of the votes a disproportionately large number of seats.

It is not likely that any new government will command a majority comparable to that won by the Rally in 1952. The present trend suggests that no party will obtain a clear majority in the next election

and that a coalition government of center and left-of-center groups will result.

The political outlook is for intensified jockeying for position among the Rally factions and in the opposition groups. The Rally government will probably be followed by a less conservative coalition.

Greek orientation toward the West is not likely to be affected, but American influence might be reduced and a future government would be likely to adopt a more independent attitude on foreign and domestic problems.

Instability in Greece would throw an additional defense burden on Turkey, according to Menderes, who apparently fears that the Balkan alliance would be weakened and Greece would not be able to support NATO fully. The American embassy in Athens, however, points out that in periods of political instability, Greece has managed to maintain an adequate defense posture.

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